

HIGH IMPACT REPORT ALERT:

Wednesday, 4/30/14

* We will trade the Non Farm Payrolls on Friday with a Trap Trade on the ES using tiers of 25 and 40 ticks.

ADP Non-Farm Employment Change - Trap Trade		RISK: 2	6J 06-14		
8:15 am Eastern / 5:15 am Pacific		Forecast: 203K			
Avg 1st Peak: 16 ticks (0:03-0:18 sec)	Min: 9 ticks (MAR '14)	Max: 28 ticks (DEC '13)			
Avg Reversal: 14 ticks (0:30-3:00 after report)	Min: 6 ticks (AUG '13)	Max: 24 ticks (SEP '13)			
Last 6 Reports:	4 : Tier 1	2: Tier 2	0 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 8-10 ticks	Tier 2: 18-20 ticks	12 Tick Stop	

After the declining performance of the ZB, a fresh approach to this report will shift to a Trap Trade on the 6J. A look at the last 6 months with reactions matching, small deviation, and large deviation, show a range of 9 to 28 ticks, with a quick acting reversal or naked tail/wick common.

*For the Trap Trade an activation time of about 1 min to 45 sec before the news release is recommended to allow time to reposition the orders to adhere to a nearby area of support/resistance. **If you are not filled in the first 30 sec, cancel the order.**

Look for the initial spike to occur normally by 5 sec, but if a small deviation, could be as late as 30 sec. The reversal usually retreats about 2/3 to 3/4 of the way back to the origin as early as 30 sec or up to 3 min after the report.

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Advance GDP - Trap Trade				RISK: 2	ZB 06-14
8:30 am Eastern / 5:30 am Pacific			Forecast: 1.2%		
Avg 1st Peak: 11 ticks (0:05-0:30 sec)		Min: 5 ticks (JAN '14)		Max: 20 ticks (JUL '13)	
Avg Reversal: 10 ticks (0:30-3:00 after report)		Min: 5 ticks (JAN '14)		Max: 19 ticks (JUL '13)	
Last 4 Reports:	2 : Tier 1	1: Tier 2	1 : DULL (no fill)	0 : DULL (fill)	0 : STOPPED
Recommended settings:		Tier 1: 8-10 ticks	Tier 2: 16-18 ticks	10 Tick Stop	

*For the Trap Trade an activation time of about 1 min to 45 sec before the news release is recommended to allow time to reposition the orders to adhere to a nearby area of support/resistance. **If you are not filled in the first 20 sec, cancel the order.**

We shifted this report to the Trap Trade for the last occurrence in January. With a nearly matching report, we saw a reaction of only 5 ticks that reversed in 12 sec. Analysis of the last handful of reactions shows this report is a good candidate for the trap trade. Before January, the last 3 reactions resulted in spikes of 8,20, and 11 ticks on the :31 bar, with naked tails/wicks and a complete reversal to the origin within 5-15 min.

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Crude Oil Inventory			RISK: 3	CL 06-14
10:30 am Eastern / 7:30 am Pacific		Forecast(C/G/D): 1.93M/-1.13M/ 0.75M		
Avg 1st Peak: 36 ticks (1-3 min after report)	Min: 11 ticks (3/27/13)		Max: 93 ticks (4/4/12)	
Avg 2nd Peak: 82 ticks (5-40 min after report)	Min: 25 ticks (10/11/12)		Max: 191 ticks (9/18/13)	
Avg Reversal: 71 ticks (17-44 min after Pk)	Min: 19 ticks (3/27/13)		Max: 211 ticks (5/15/13)	
Last 10 Reports:	1 : SPK/REV	6 : 2ND PK	1 : DULL	2 : INDECISIVE
Last 25 Reports:	7 : SPK/REV	14 : 2ND PK	1 : DULL	3 : INDECISIVE
Recommended BracketDistance setting:			10	15 Tick Stop

Trade with caution and ensure you understand the risk. Use a 10 tick buffer for this trade to avoid a premature fill in the wrong direction. Downgraded to RISK "3" due to the ending winter season making the Distillate reading less impact. This report is 3-pronged (Crude oil, Gasoline, and Distillates - Heating Oil)

Now as we are in the still emerging from winter, we have seen a transition where the Distillate reading gains in significance making the report less stable and safe. The reports are still profitable, but are more difficult to make a safe exit. Quick and large reversals are common, so I recommend using a breakeven and profit target. Be sure and exit if you see the price action hovering for more than 5 sec as it will likely reverse strongly. Look for 20-50 ticks on the spike, and 40-60 ticks on the reversal. If the initial spike pops for only 15-20 ticks, get out there if possible, because a reversal is likely forthcoming. Does not routinely abide by the laws of supply and demand.

It is also a safe play to wait out the initial reaction to check the results and enter a manual trade after a reversal about 3 min after the report breaks or use a Trap Trade with an offset of 20-25 ticks and look for a quick exit with around 5-10 ticks. Also look for trend lines on the swings to use for favorable entries. Paper trade this if you have not traded this report before.

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FOMC Statement / Federal Funds Rate - Trap Trade		RISK: 3	ZB 06-14
2:00 pm Eastern / 11:00 am Pacific		Forecast: n/a (<0.25%)	
Recommended settings:	Tier 1: 7-8 ticks	Tier 2: 15-16 ticks	8 Tick Stop

*For the Trap Trade an activation time of about 1 min to 45 sec before the news release is recommended to allow time to reposition the orders to adhere to a nearby area of support/resistance. **If you are not filled in the first 20 sec, cancel the order.**

There are five reports that help us model the expected reaction to this report: 1/29, 3/19 FOMC Statements and 1/8, 2/19, 4/9 FED Meeting Minutes. All five were great Trap Trade setups causing a spike one way followed by a reversal within about 1-2 min. The 1/29 report fell 8 ticks, then rallied 9 ticks in 1:12. The 3/19 report fell 17 ticks with some surprise and rallied 14 ticks in 1:30. The minutes each moved 6-8 ticks, then reversed for 5 and 9 ticks in :48 to 1:00. **Look to exit on the first reversal and do not hold the trade long term as the longterm reaction is unpredictable.**

When the FED finally commenced tapering QE3 from \$85B/month at the December 2013 meeting, we saw a decisive short move. Now that the mystery and surprise is gone, every FOMC event since (minutes or statement) has been a great trap trade setup as they continue on the steady pace of \$10B/month reduction. With the current state of the economy and the recent better Non Farm Payrolls, the odds of doing anything other than "stay the course" are very slim.

Keep an eye on the news, Bloomberg.com, or Talking-Forex and watch/listen for the announcement of the result as this is the reaction to the written statement.

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CNY Manufacturing PMI			RISK: 2	6A 06-14
9:00 pm Eastern / 6:00 pm Pacific		Forecast: 50.5		
Avg 1st Peak: 19 ticks (1-3 min after report)	Min: 7 ticks (APR '13)		Max: 43 ticks (JUL '13)	
Avg 2nd Peak: 29 ticks (13-30 min after report)	Min: 13 ticks (APR '12)		Max: 50 ticks (MAY '12)	
Avg Reversal: 23 ticks (50-100 min after report)	Min: 8 ticks (SEP '12)		Max: 46 ticks (MAY '12)	
Last 6 Reports:	3 : SPK/REV	2 : 2ND PK	1 : DULL	0 : INDECISIVE
Last 12 Reports:	4 : SPK/REV	7 : 2ND PK	1 : DULL	0 : INDECISIVE
Recommended BracketDistance setting:			5	10 Tick Stop

This is a monthly early indicator of China manufacturing activity. Trade on the 6A since there is no index for CNY and the AUS economy is heavily correlated. RISK 2 due to potential for early release along with April and June 2013 being dull with results matching the forecast, but no indecisive reactions yet. **Due to 5 of 12 occurrences in the past where a source has released data up to 2:20 min early, set your bracket time for xx:57:30.** This report is always reported on the last day of the month even if on a weekend, so several months do not offer an opportunity to trade. 6 of the last 8 reports have delivered 13-26 ticks on the first peak. 7 of the last 12 reports have achieved a 2nd peak of 5-17 ticks more than the 1st peak. Look for 10-30 ticks on the reversal borne out over at least 50 min.

The HG (HG 07-14) index will also move for this report, but is not as safe on the initial spike. It tends to spike consistently with the 6A, then retreat and make another big move on the :02 bar (short if disappointing / long if impressive). I recommend placing a follow on manual trade on the HG after the results are known and the offset from the forecast is greater than 0.5. Look for an entry as the :01 bar is expiring and set a target for 20-30 ticks by the :10 bar, but move your stop up to +10 to capture that profit just in case.